

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-11 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-03 INR-11 NSAE-00 RSC-01 XMB-07 OPIC-12 SP-03

CIEP-03 LAB-06 SIL-01 OMB-01 NSC-07 SS-20 STR-08

CEA-02 L-03 H-03 PA-04 PRS-01 USIA-15 IO-14 NEA-14

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 6923

INFO AMEMBASSY WELLINGTON PRIORITY

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USADB

FOR NAC AGENCIES

E.O. 11652: DECLASS 3-17-75

TAGS: EAID, EFIN, WS

SUBJECT: PROPOSED ADB TECHNICAL ASSISTANCE (TA) GRANT TO WESTERN
SAMOA FOR PLAN PREPARATION AND PROJECT IDENTIFICATION PROJECT

SUMMARY: ADB MANAGEMENT PROPOSES \$252,000 GRANT TO
WESTERN SAMOA TO FINANCE FOREX COST OF PLANNING ADVISORY
ASSISTANCE IN FORMULATION OF THEIR THIRD FIVE-YEAR PLAN
(1975-1979) AND IN THE IDENTIFICATION AND PRELIMINARY
ASSESSMENT OF PRIORITY DEVELOPMENT PROJECTS. USADB
RECOMMENDS FAVORABLE NAC ACTION.

1. ADB DOC R88-74 WITH ATTACHMENTS DESCRIBING PROPOSED
GRANT POUCHED ADDRESSEES SEPT 11. BOARD CONSIDERATION
SCHEDULED OCT 3.

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2. ADB MANAGEMENT PROPOSING \$252,000 GRANT TO WESTERN

SAMOA. PROCEEDS WILL FINANCE FOREX COST OF FOREIGN ADVISORY TEAM TO ASSIST IN FORMULATING CONCEPTUAL FRAMEWORK OF DEVELOPMENT PLAN INCLUDING DETERMINATION OF OVERALL AND SECTORAL OBJECTIVES (FIRST PHASE) AND IDENTIFICATION AND PRELIMINARY ASSESSMENT OF DETAILED PRIORITY PROJECTS (SECOND PHASE).

3. WESTERN SAMOA IS SMALL (POP 152,000) PACIFIC ISLAND STATE AT EARLY STAGE OF DEVELOPMENT, WITH ECONOMY LARGELY DEPENDENT ON AGRICULTURE, MAINLY TRADITIONAL PRODUCTS SUCH AS COPRA, COCOA, BANANAS, TIMBER AND TARO, ALL HIGHLY VULNERABLE TO FLUCTUATING WORLD MARKET PRICES.

4. UNDER FIRST FIVE-YEAR PLAN (1966-1970) EMPHASIS WAS PLACED ON STRENGTHENING PRODUCTIVE CAPACITY THROUGH EXPANSION AND DIVERSIFICATION OF AGRICULTURE, INFRASTRUCTURE, TOURISM AND SECONDARY INDUSTRIES. TOTAL DEVELOPMENT OUTLAY OF WS\$4.8 MILLION (WS\$1-US\$1.67) WAS ALLOCATED TO INFRASTRUCTURE (64.2 PERCENT) AGRICULTURE (21.5 PERCENT) AND PUBLIC ADMINISTRATION (4.7 PERCENT) WITH TWO-THIRDS OF OUTLAY FINANCED FROM DOMESTIC RESOURCES.

5. HOWEVER, SECOND DEVELOPMENT PLAN (1971-75) FALTERED BADLY. PROJECTS NOT EVALUATED IN TERMS OF NATIONAL PRIORITIES. INADEQUATE PROVISION MADE FOR UNPLANNED EXPENDITURES AND LACK OF RELIABLE DATA BASE ADDED TO DIFFICULTIES IN PLAN FORMULATION AND MONITORING. ALSO, EXPORT VOLUMES OF COCOA AND BANANA DECLINED, WHICH TOGETHER WITH SLUMP IN WORLD COPRA PRICES IN 1972-73, ADVERSE WEATHER, INCREASED DOMESTIC DEMAND, COUPLED WITH SHARP RISE IN VALUE OF IMPORTS RESULTED IN AN ADVERSE TRADE BALANCE. POOR PERFORMANCE LED TO ABANDONMENT OF SECOND PLAN IN JAN 1974.

6. ECONOMIC DEVELOPMENT BOARD (EDB) CHAIRED BY MINISTER OF FINANCE WHO CONCURRENTLY IS MINISTER OF DEVELOPMENT, INCLUDES MINISTERS OF AGRICULTURE, LAND, WORKS AND EDUCATION. ECONOMIC DEVELOPMENT DEPT (EDD) EXECUTING AGENCY OF EDB, ALSO ADMINISTERS ENTERPRISES INCENTIVES ACT. EXCEPT FOR DIRECTOR AND TWO OFFICERS, EDD STAFF RELIANT ON EXPATRIATES WHO HEAD MOST MAJOR SECTIONS, WITH STAFF SUPPLIED LIMITED OFFICIAL USE

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BY UN OFFICE OF TECHNICAL COOPERATION AND U.S. PEACE CORPS VOLUNTEERS. ALSO, IMF HAS ASSIGNED RESIDENT FINANCIAL ADVISOR.

7. GIVEN LACK OF QUALIFIED LOCAL STAFF, POOR TRACK RECORD IN ABORTIVE SECOND PLAN EFFORT, PROPOSED PROJECT SEEKS ESTABLISHMENT MORE REALISTIC DEVELOPMENT PLAN HAVING MORE APPROPRIATE ALLOCATION OF SCARCE RESOURCES AND BETTER CO-

ORDINATION BETWEEN RELEVANT GOVT AGENCIES. IN ADDITION TO NEED FOR RANKING PROPOSED PROJECTS IN PRIORITY ORDER, IMPLEMENTATION CAPABILITY OF EXECUTING AGENCIES MUST BE ENHANCED, TO IMPROVE DEVELOPMENT PERFORMANCE.

8. PROPOSED GRANT WILL FINANCE TWO-PHASED EFFORT BEGINNING WITH 9 MAN/MONTHS OF SERVICES OF SENIOR PLANNING ADVISOR TO FORMULATE BASIC PLAN FRAMEWORK WITHIN GENERAL STRATEGY OF IMPROVEMENT COUNTRY'S PRODUCTIVE CAPACITY TO PERMIT UPGRADING HEALTH AND EDUCATION FACILITIES (FIRST PHASE). THIS TO BE FOLLOWED BY 18 MAN/MONTHS (SECOND PHASE) OF ADDITIONAL SERVICES TO BE PERFORMED BY TEAM TO IDENTIFY SPECIFIC PROJECTS, WITHIN PLAN FRAMEWORK. COMPOSITION AND TERMS OF REFERENCE OF TEAM TO BE RECOMMENDED BY SENIOR ADVISOR AND AGREED BY BANK WITH GOVT CONCURRENCE, FOR TOTAL 27 MAN/MOS. GOVT TO PROVIDE NECESSARY LOCAL COSTS AND SERVICES. CONSULTANTS TO WORK WITH IMF FINANCIAL ADVISOR AND UNDP-FINANCED STATISTICIAN.

9. UNDER BANK'S GUIDELINES FOR TA, ADVISORY ASSISTANCE TO BE PROVIDED AS AN OUTRIGHT GRANT. USADB SUPPORTS PROPOSAL AND RECOMMENDS FAVORABLE NAC ACTION.

10. REQUEST EMBASSY WELLINGTON'S COMMENTS FOR NAC AGENCIES, INFO USADB MANILA, PURSUANT TO STATE 119795 DTD 3 JULY 1972.

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